Souris Basin Development Authority

SOURIS BASIN
DEVELOPMENT AUTHORITY

1987
ANNUAL
REPORT

88-03455/

ANNUAL REPORT

OF

THE SOURIS BASIN DEVELOPMENT AUTHORITY

OF THE

PROVINCE OF SASKATCHEWAN

FOR THE

YEAR ENDED DECEMBER 31, 1987

Souris Basin Development Authority

March, 1988

To His Honour
The Honourable Frederick W. Johnson
Lieutenant Governor of the
Province of Saskatchewan

Dear Sir:

I have the honour to submit herewith the Annual Report of the Souris Basin Development Authority for the year ended December 31, 1987, including the financial statements therefore, duly certified by the Authority's auditor and in the form approved by the Treasury Board, all in accordance with the Crown Corporations Act, 1978.

I have the honour to be, Sir, your obedient servant,

Hon. Eric Berntson
Minister Responsible
Chairman of the Board
Souris Basin Development Authority

814 - 4th Street
Estevan, Saskatchewan
S4A 0V9

Phone: 634-4791

SOURIS BASIN DEVELOPMENT AUTHORITY

BOARD OF DIRECTORS

GOVERNMENT AFFILIATED DIRECTORS

Hon. Eric Berntson, Regina
Chairman, Minister in Charge

G.D. Hill QC Regina
President, SaskPower,
Vice Chairman, President &
Chief Executive Officer,
Souris Basin Development Authority

D. Stankov, CA, Regina
Chairman, SaskPower

V.C. Fowke, FCA, Regina
President, Sask Water Corp.

NON GOVERNMENT DIRECTORS

R.W. Henders, B.Sc. Ph., Estevan

G. Ross, Estevan

R.W. Young, Alameda

E.B. Campbell, P.Eng., Regina

SECRETARY OF THE BOARD

K.D. Wellman QC, Regina
General Counsel and Secretary
SaskPower

SOURIS BASIN DEVELOPMENT AUTHORITY

PRESIDENT'S REPORT

Rafferty/Alameda is a multiple objective water management project on the Souris River system in southeastern Saskatchewan. This region of the Province and the Souris River Basin in particular, is one of the most water scarce areas of the Province. The Souris River system is typical of prairie rivers in that there are wide variations in flows both between seasons and between years. On average it floods two years out of every ten; the remaining eight years there is insufficient flow to satisfy demand. Rafferty/Alameda will address the water scarcity problem and provide recreation, irrigation, industrial, municipal water supply benefits as well as providing flood control. The Project is estimated to cost $120 million in 1985 dollars with the United States providing $57.5 million for flood control benefits and the Saskatchewan Power Corporation providing approximately $20 million for cooling water for the first unit of Shand Power Station. The remaining $42.5 million will be provided by way of payments to the Souris Basin Development Authority from Saskatchewan Water Corporation who will ultimately be the owners and operators of the Project.

There are four major components to the Rafferty/Alameda Project. The Rafferty Dam to be constructed 6 km. northwest of the City of Estevan on the Souris River, a Rafferty-Boundary Dam Diversion Channel, intermittent channel improvements in a 16 km. reach of the Souris River from the Rafferty Dam to a location downstream of Estevan near the Shand Power Station, and the Alameda Dam on Moose Mountain Creek due east of the Town of Alameda.

During 1987, the activities of the Souris Basin Development Authority centered on the completion and filing of the Environmental Impact Statement (EIS) with Saskatchewan Environment and Public Safety. The Statement itself was the culmination of the formal planning stage of the Project. The Authority has taken advantage of the EIS preparation process to refine several aspects of the Project. Both the Rafferty and Alameda Dams were moved downstream from their original proposed sites in order to reduce impacts on agriculture, oilfield operations, archaeological sites, gravel, and wildlife habitat.

Throughout the year, the Authority consulted with many interest groups and individuals. These consultations resulted in the incorporation of many good ideas and suggestions into the Project. The Authority continued its contact with landowners affected by the Project. The staff of the Authority were in attendance to monitor the proceedings at all of the public meetings held

by the Rafferty/Alameda Board of Inquiry. Souris Basin Development Authority staff and selected consultants also appeared before the Board on August 11, 1987 to provide an overview of the project and again on December 3 and 4, 1987, to answer questions.

George D. Hill, QC
President and Chief Executive Officer
Souris Basin Development Authority

CHARTERED ACCOUNTANTS
MATCHETT, POTTS & SEIPP
1130 - 3RD STREET, ESTEVAN, SASK. S4A 0R7 • TELEPHONE 634-2603

AUDITOR'S REPORT

To the Members of the Legislative Assembly
of the Province of Saskatchewan

We have examined the statement of financial position of Souris Basin Development Authority as at December 31, 1987 and the statement of operations and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Authority as at December 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Matchett, Potts & Seipp

Matchett, Potts & Seipp
Estevan, Saskatchewan
February 26,1988

SOURIS BASIN DEVELOPMENT AUTHORITY

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 1987

	1987	1986
ASSETS		
CASH	$ 257,475	$ 112,991
SHORT TERM INVESTMENTS	498,249	497,837
ACCOUNTS RECEIVABLE (NOTE 3)	38,639	7,500
CONTRACT ADVANCES RECEIVABLE (NOTE 4)	---	75,340
	$ 794,363	$ 693,668
LIABILITIES & EQUITY		
LIABILITIES		
ACCOUNTS PAYABLE (NOTE 5)	$ 354,955	$ 593,668
NOTES PAYABLE	---	100,000
CONTRACT ADVANCES UNEARNED (NOTE 4)	439,408	---
	$ 794,363	$ 693,668
EQUITY		
RETAINED EARNINGS	---	---
	$ 794,363	$ 693,668

(SEE ACCOMPANYING NOTES)

SOURIS BASIN DEVELOPMENT AUTHORITY

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

YEAR ENDED DECEMBER 31, 1987

	1987	1986 (10 months)
REVENUE		
CONTRACT REVENUE EARNED	$3,085,252	$1,575,340
INTEREST REVENUE	27,121	---
	$3,112,373	$1,575,340
EXPENSES		
COST OF CONTRACTS	$2,588,146	$1,252,210
GENERAL & ADMINISTRATION	522,890	317,510
INTEREST EXPENSE	1,337	5,620
	$3,112,373	$1,575,340
NET EARNINGS	---	---
RETAINED EARNINGS BEGINNING OF YEAR	---	---
RETAINED EARNINGS END OF YEAR	$ ---	$ ---

(SEE ACCOMPANYING NOTES)

SOURIS BASIN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 1987

1. Status of the Corporation

The Souris Basin Development Authority was established by Order in Council 270/86 and continues under the provisions of part one of The Crown Corporations Act, 1978. The mandate of the Authority is to coordinate and manage the design and construction of the Rafferty and Alameda Dam projects as the agent for Saskatchewan Water Corporation. These projects are multi-purpose in nature involving several Government Departments, Agencies and Crown Corporations.

2. Significant Accounting Policies

The Souris Basin Development Authority's accounting policies are in accordance with generally accepted accounting principles. The following summary of accounting policies describes the accounting methods and practices considered to be significant to the Authority's Financial Statements:

(i) Contract Revenue and Cost Recognition

Contract Revenue Earned - advances from Sask Water are recognized as contract revenue on the basis of total expenses incurred (net of other revenue) during the year.

Cost of Contracts-includes all direct costs determined using the percentage-of-completion method.

(ii) Short Term Investments

Short term investments are valued at cost which approximates market value.

3. Accounts Receivable

	1987	1986
Expense recoveries	$30,173	$ ---
Expense advances	8,466	7,500
	$38,639	$7,500

4. Contract Advances

Pursuant to the agency agreement between the Authority and the Saskatchewan Water Corporation, the Corporation will fund the Authority for all construction, general, administration and interest costs incurred (net of other revenue) as they relate to the agreement.

	1987 (Cumulative)	1986 (Cumulative)
Total Advances from Sask Water	$5,100,000	$1,500,000
Less: Total Costs Incurred (Net of Other Revenue)	4,660,592	1,575,340
Contract Advances Unearned(Receivable)	$ 439,408	$ (75,340)

5. Accounts Payable

	1987	1986
Contract Payables	$113,948	---
General & Admiminstration Payables	10,869	$ 2,581
Contract Accruals	190,864	559,592
General & Administration Accruals	24,132	31,495
Contract Holdbacks	$ 15,142	---
	$354,955	$593,668

6. Remuneration of Directors

During 1987, the four non government directors (1986-three) received total remuneration amounting to $3,700 (1986-$1,600). The government affiliated directors received no remuneration from the Authority.

7. Related Party Transactions

Included in these financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown controlled Departments, Agencies, and Corporations with which the Authority is related. Account balances resulting from these transactions are included in the Statement of Financial Position and are settled on normal trade terms except as described below.

The Authority has entered into an agency agreement with the Saskatchewan Water Corporation whereby the Authority undertakes to plan, organize, design and construct the Rafferty and Alameda Dam Projects; in turn the Corporation is to provide consulting services out of its own resources without further consideration within the limits of its own staff, expertise, and facilities currently in place. To the extent the Corporation incurs costs for contract personnel or facilities to provide these services, they shall be reimbursed for the cost by the Authority.

8. Commitments

The final decision to construct the projects is conditional on receiving environmental and other approvals.

As at December 31, 1987, the Authority had outstanding commitments of $196,879 (1986-$200,408) for obligations and cancellation clauses in contracts should the projects not proceed.

9. Subsequent Event

On February 15, 1988, the Authority received approval from the Minister of Saskatchewan Environment and Public Safety to proceed with the projects subject to certain environmental conditions.

10. Leases

The Authority has entered into operating lease agreements with the following minimum lease payments:

1988	62 572
1989	60,124
1990	54,988
1991	13,420
1992	---

SOURIS BASIN DEVELOPMENT AUTHORITY
EMPLOYEES AND STAFF
(at December 31, 1987)

GEORGE D. HILL QC

President & Chief Executive Officer

GEORGE N. HOOD

Director, Planning & Operations

LILIANNE A.E. WANNER

Secretary

TED J. MATHER

Controller

HILDING O. FRANSON

Parks, Recreation & Land Use Consultant

GORDON T.S. MILLS

Director of Public Affairs

R. GREGG TROUT

Director of Oilfield Mitigation